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Central Intelligence Bulletin

CONTENTS

LIBYA: Prime Minister Jallud gives press conference on oil policy. (Page 2)

JAPAN: US launch vehicles will be used to place Japanese communications satellites in orbit. (Page 3)

LIBYA: Some new weaponry displayed in annual military parade. (Page 4)

PAKISTAN: Clashes between tribal insurgents and army continue in Baluchistan Province. (Page 5)

25X1

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LIBYA: Contrary to recent press reports, Tripoli has neither raised the price of its oil to \$6 per barrel nor rejected payments in dollars.

According to the text of Prime Minister Jallud's press conference broadcast by Tripoli Radio on 2 September, Jallud discussed the price of oil and oil payments in dollars, but did not explicitly refuse to sell oil for dollars or mention a \$6 per barrel price. He did, however, enumerate several possible solutions to the problem of holding reserves in currencies of uncertain future value, and pointed to the Organization of Petroleum Exporting Countries as possibly being able to find a solution. In the past, Jallud has said that Libyan oil is "worth \$6 per barrel."

25X1

JAPAN: The government's decision to use US launch vehicles to place Japan's first two communications satellites into orbit reflects the slow progress and limited capabilities of the country's space program. The decision was necessary to avoid delay in meeting domestic communications requirements.

Tokyo originally had hoped to use a space booster of Japanese design to launch the satellites--one weighing 550 pounds and the other 650 pounds--in 1976. The US has agreed to provide launchers for the satellites and to launch them from the US.

Controversy has existed for some time between the government's Space Activities Commission and user agencies over Tokyo's reliance on a space-launch vehicle of its own design. The vehicle--known as the Japanese N rocket--has been under development with US technical assistance since 1970. It is expected, however, to be capable of launching only a 250-pound satellite by 1977. At the present pace of development, the vehicle would not be ready to launch the two communications satellites before 1980. Nevertheless, the government, in announcing its decision, stated that development of the N rocket will continue.

Satellite design and fabrication is just beginning in Japan. The two satellites to be launched in 1976 will have a large US technical input. US firms may receive up to 60 percent of the total money spent to build the satellites, although Japan hopes to limit the amount to 40 percent.

25X1

5 Sep 73

Central Intelligence Bulletin

3

LIBYA: An array of new weaponry was displayed in Libya's annual military parade on 1 September, including three items of equipment not previously known to be in Tripoli's inventory--the British Swingfire anti-tank missile, the Soviet BTR-40 armored personnel carrier (APC) armed with Sagger anti-tank missiles, and the Soviet BMP infantry combat vehicle. The BMP is a tracked, armored amphibious vehicle that also mounts a Sagger anti-tank missile as well as a 76-mm. gun. The new equipment will increase the Libyan Army's fire-power and mobility. Soviet SA-2 and SA-3 surface-to-air missiles, believed to have been supplied by Egypt, and the French Crotale surface-to-air missile also were shown publicly for the first time.

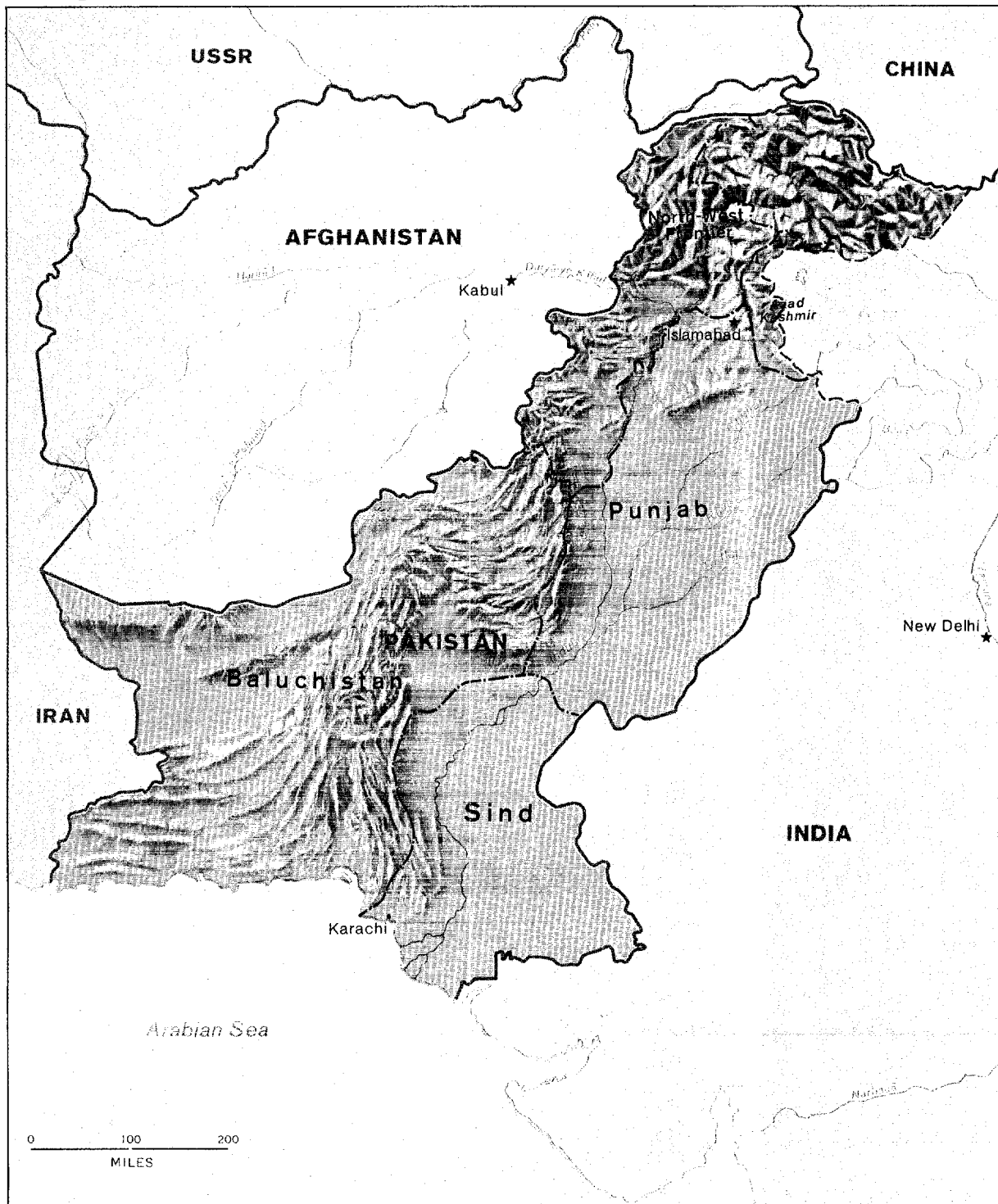
25X1

5 Sep 73

Central Intelligence Bulletin

4

Insurgency Continues in Baluchistan



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PAKISTAN: Clashes between tribal insurgents and the armed forces continue in Baluchistan.

Anti-government acts of violence are almost endemic in sparsely populated Baluchistan Province, but have reached more serious proportions since last May when attacks on security force patrols reportedly became more frequent. In large part, the current clashes are an outgrowth of the continuing political struggle between supporters of the central government of Prime Minister Bhutto and the major opposition parties, which have widespread appeal among several of the important tribes in the province. Bhutto angered the opposition last February by removing the provincial governor and the chief minister, both members of the largest opposition party, and installing his own followers. Attempts to reach an accommodation between Bhutto and his opponents collapsed in late July. The three top opposition leaders in the province were arrested on 15 August, and are still under detention.

The arrests have not led to any dramatic increase in tribal unrest, but in some areas a general deterioration in the security situation is evident, and tribal opposition to the government appears to be growing. The army reportedly now has a division at full strength, plus two independent brigades in the province, which has a population of some two-and-a-half million. There are also several thousand militia and paramilitary troops operating in Baluchistan. The government presumably has adequate forces to maintain control, although increasingly serious clashes with the insurgents are probable--particularly if a political agreement between Bhutto and the opposition remains unattainable.

Potentially more serious is the growing involvement of Iran and Afghanistan in the controversy. The Shah, concerned with a restless Baluchi minority in Iran and fearful of the further dismemberment of Pakistan, has sent several armed helicopters, piloted

by Iranians, to assist his ally in the anti-insurgency effort. Meanwhile, the new government of Afghanistan, with close ethnic ties to the Baluchis, chose to protest strongly the recent arrests of opposition leaders--a move that increased existing suspicions in Islamabad regarding Afghan intentions toward Pakistan's two frontier provinces.

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